

ORIGINAL



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ARIZONA CORPORATION COMMISSION

301E

TO: Docket Control

FROM: Ernest Johnson
fo- Director
Utilities Division

DATE November 14, 2005

RE: NOTICE OF ERRATA FOR VALENICA WATER COMPANY, INC.'S,
APPLICATION FOR AUTHORITY TO ISSUE DEBT STAFF REPORT (DOCKET
NO. W-01212A-05-0606)

RECEIVED
2005 NOV 14 P 2:39
AZ CORP COMMISSION
DOCUMENT CONTROL

On August 24, 2005, Valencia Water Company, Inc. ("Valencia" or "Company") filed an application with the Arizona Corporation Commission ("Commission") requesting authorization to issue debt to the Water Infrastructure Financing Authority ("WIFA") in an amount not to exceed \$2,831,000. On November 7, 2005, Staff filed its Staff report. The Company subsequently contacted Staff regarding clarification of the 40 percent equity requirement. Staff makes the following clarification:

NOTICE OF ERRATA

REMOVE THE LAST PARAGRAPH FROM THE EXECUTIVE SUMMARY OF THE STAFF REPORT:

Staff recommends approval of the Company's application for authorization to issue long-term debt to the Water Infrastructure Financing Authority ("WIFA") in an amount not to exceed \$2,831,000 subject to the following condition: Until equity represents 40 percent of total capital, the Company is prohibited from distributing more than 25 percent of each year's earnings and is further prohibited from distributing any assets to principals via salaries, management fees, or otherwise in excess of current levels adjusted for changes in the Consumer Price Index.

INSERT THE FOLLOWING PARAGRAPH IN THE EXECUTIVE SUMMARY:

Staff recommends approval of the Company's application for authorization to issue long-term debt to the Water Infrastructure Financing Authority ("WIFA") in an amount not to exceed \$2,831,000 subject to the following condition: that if and when equity falls below 40 percent of total capital, the Company be prohibited from distributing more than 25 percent of each year's earnings or distributing assets to principals via salaries, management fees, or otherwise in excess of current levels adjusted for changes in the Consumer Price Index.

REMOVE THE LAST PARAGRAPH FROM THE "CONCLUSIONS AND RECOMMENDATIONS" SECTION ON PAGE 3 OF THE STAFF REPORT:

Staff recommends approval of the Company's application for authorization to issue long-term debt to the Water Infrastructure Financing Authority ("WIFA") in an amount not to exceed \$2,831,000 subject to the following condition: Until equity represents 40 percent of total capital, the Company is prohibited from distributing more than 25 percent of each year's earnings and is further prohibited from distributing any assets to principals via salaries, management fees, or otherwise in excess of current levels adjusted for changes in the Consumer Price Index.

INSERT THE FOLLOWING PARAGRAPH IN THE "CONCLUSIONS AND RECOMMENDATIONS" SECTION ON PAGE 3 OF THE STAFF REPORT:

Staff recommends approval of the Company's application for authorization to issue long-term debt to the Water Infrastructure Financing Authority ("WIFA") in an amount not to exceed \$2,831,000 subject to the following condition: that if and when equity falls below 40 percent of total capital, the Company be prohibited from distributing more than 25 percent of each year's earnings or distributing assets to principals via salaries, management fees, or otherwise in excess of current levels adjusted for changes in the Consumer Price Index.

EJ:CSB:rdp

Originator: Crystal S. Brown

Attachment: Original and sixteen copies

Docket Control Center (sixteen copies)

Lyn Farmer, Hearing Division

Delbert Smith, Engineering

Consumer Services

Legal Division